

## Message Text

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21

ACTION NEA-10

INFO OCT-01 AF-04 ARA-06 EA-06 EUR-08 RSC-01 IO-04 ISO-00

FEA-01 AEC-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00

DODE-00 EB-04 FPC-01 H-01 INR-05 INT-05 L-01 NSAE-00

NSC-05 OMB-01 PM-03 SAM-01 OES-02 SP-02 SS-15 STR-01

TRSE-00 FRB-01 PA-01 PRS-01 USIA-06 SAB-01 NIC-01

/111 W

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R 010446Z NOV 74

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 1358

INFO AMEMBASSY ABU DHABI

USINT ALGIERS

ZNE/USINT BAGHDAD

AMEMBASSY CARACAS

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY QUITO

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

C O N F I D E N T I A L KUWAIT 4661

FROM PAGANELLI EMBASSY DOHA

EO 11652: GDS

TAGS: ENRG EFIN PFOR OPEC

SUBJ: AMIR OF QATAR'S COMMENTS ON OIL PRICES

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1. DURING OCT 23 CONVERSATION WITH SHAYKH KHALIFA BIN HAMAD AL THANI, AMIR OF QATAR, I TOOK OPPORTUNITY TO REITERATE DEEP US CONCERN THAT ESCALATING OIL PRICES THREATENED SERIOUS DISRUPTIONS OF WORLD ECONOMIC AND POLITICAL STABILITY.

2. KHALIFA ASSERTED THAT HE KNEW VERY WELL THAT QATAR AND OTHER PRODUCERS WOULD EVENTUALLY AND INEVITABLY SUFFER EFFECTS OF MAJOR INTERNATIONAL ECONOMIC DISRUPTIONS. HE STATED THAT HE FAVORED LONG-TERM "FIXED" PRICE FOR OIL IN PLACE OF CAPRICIOUS FLUCTUATIONS. HE REPEATED FAMILIAR LINE THAT SUCH "FIXED" PRICE, OF COURSE, WOULD HAVE TO BE RELATED TO COMMODITIES AND MAUFACTURES THAT PRODUCERS BUY. I ASKED KHALIFA IF HIS IDEA OF A "FIXED" PRICE WAS RELATED TO "SINGLE" PRICE PROPOSAL REPORTEDLY BEING ADVANCED BY IRAN. ALTHOUGH HE DID NOT ANSWER DIRECTLY, IT APPARENT THAT HE AWARE OF IRANIAN PROPOSAL.

3. KHALIFA STATED THAT SOLUTION OF MIDDLE EAST CRISIS WAS KEY TO REDUCTION OF OIL PRICES. ACCORDING KHALIFA, IF SATISFACTORY MID EAST PEACE ACHIEVED, KING FAYSAL WOULD IMMEDIATELY TAKE LEAD TO REDUCE OIL PRICES AND QATAR WOULD GIVE HIM FULL SUPPORT. IN ABSENCE OF SETTLEMENT, ACCORDING KHALIFA, CONSERVATIVE ARAB-PRODUCER-GOVERNMENTS WERE TOO POLITICALLY VULNERABLE TO REDUCE PRICES, SINCE THIS WOULD PROMPT ATTACKS FROM RADICALS, SUCH AS ALGERIA AND IRAQ. IN THIS CONTEXT, HE ASKED WHETHER THE SECRETARY HAD SPOKEN WITH BOUMEDIENNE RE OIL PRICES; I REPLIED I HAD NO INFORMATION ON SUBJECT.

4. DURING OCT 24 CONVERSATION, GOQ MINISTER OF OIL AND FINANCE SHAYKH ABDUL AZIZ BIN KHALIFA AL THANI PREDICTABLY ECHOED THE AMIR'S (HIS FATHER) VIEWS ON OIL PRICES. ACCORDING ABDUL AZIZ, GOQ FAVORED "STABLE" PRICE, EXPECTED THAT PRICES WOULD HOLD AT CURRENT LEVELS, AND ALLOWED THAT PRICES COULD BE REDUCED. LIKE THE AMIR, HOWEVER, HE STRESSED THAT A MID EAST SETTLEMENT IS THE ESSENTIAL CATALYST REQUIRED TO RESOLVE THE OIL PRICE QUESTION. WHEN I ASKED ABDUL AZIZ ABOUT OCT 23 VISIT TO DOHA OF OAPEC SEC GEN ALI ATIQA, HE DESCRIBED IT AS A PERIODIC CONSULTATION, BUT DECLINED TO BE DRAWN OUT ON DETAILS.

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